



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF THE GOVERNOR  
LANSING

JOHN D. CHERRY, JR.  
LT. GOVERNOR

September 30, 2010

Michigan House of Representatives  
State Capitol  
Lansing, Michigan 48909-7514

Ladies and Gentlemen:

Today I have signed Enrolled House Bill 5889 authorizing the expenditure of \$3.2 billion by the Department of Transportation in the fiscal year that ends on September 30, 2011. I have, however, disapproved of items pursuant to Section 19 of Article V of the Michigan Constitution of 1963. The specific item vetoes are detailed in the attached copy of the bill, which has been filed with the Secretary of State.

I have exercised my item veto authority to eliminate the following unnecessary items: (1) Section 306(3), which would mandate the State Treasurer to develop an alternative cost allocation plan for motor fuel tax collections; (2) Section 394, requiring the department to conduct a study which was completed and published by the department as part of the requirements of PA 116 of 2009; (3) Section 399, and the corresponding \$100 line-item, which does not provide sufficient resources to implement the program; and (4) Section 608, providing for two additional unneeded timber truck inspection stations.

To provide direction regarding the implementation of this appropriations act, I note the following:

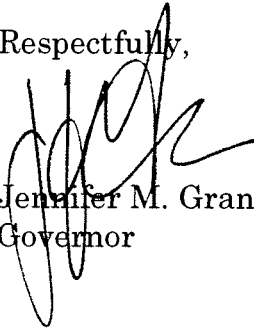
- Section 709 (2) of House Bill 5889 purports to require that any changes in an essential corridor list for bus routes be approved by House and Senate Appropriations Subcommittees on Transportation. As the Legislature lacks the constitutional authority to delegate administrative or legislative duties to a subcommittee of the legislature, this provision appears to violate Const 1963, art 3, § 2, Const 1963, art 4, § 26, and Const 1963, art 4, § 33, and is unenforceable.

I thank the Legislature for presenting a fiscal year 2011 budget for the Department of Transportation. I am pleased that we were able to work together in order to match all of the available federal aid and I look forward to continuing to

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work towards a long-term solution to the impending funding shortfalls faced by the department.

Respectfully,

A handwritten signature in black ink, appearing to read "J. Granholm", written over the printed name.

Jennifer M. Granholm  
Governor

c: Michigan State Senate  
The Honorable Terri Lynn Land

Appropriated from:	
Federal revenues:	
DOT, federal transit act.....	\$ 21,987,900
Special revenue funds:	
Comprehensive transportation fund .....	166,624,000
Local funds.....	800,000
State general fund/general purpose .....	\$ 0

#### Sec. 117. INTERCITY PASSENGER AND FREIGHT

Freight property management.....	\$ 1,000,000
Detroit/Wayne County port authority .....	468,200
Intercity services.....	7,250,000
Rail passenger service .....	11,667,000
Freight preservation and development .....	3,364,200
Marine passenger service.....	400,000
Terminal development .....	150,000
GROSS APPROPRIATION .....	\$ 24,299,400

Appropriated from:	
Federal revenues:	
DOT, federal transit act.....	4,500,000
DOT-FRA, local rail service assistance .....	100,000
DOT-FRA, rail passenger/HSGT.....	3,000,000
Special revenue funds:	
Local funds.....	50,000
Comprehensive transportation fund .....	12,649,400
Intercity bus equipment fund.....	2,000,000
Rail freight fund .....	2,000,000
State general fund/general purpose .....	\$ 0

#### Sec. 118. PUBLIC TRANSPORTATION DEVELOPMENT

Specialized services .....	\$ 7,443,800
Municipal credit program.....	2,000,000
Bus capital.....	41,300,000
Van pooling .....	195,000
Service initiatives .....	1,400,000
<del>Transit oriented development .....</del>	<del>100</del>
Transportation to work.....	9,536,400
GROSS APPROPRIATION .....	\$ 61,875,300

Appropriated from:	
Federal revenues:	
DOT, federal transit act.....	33,935,000
Special revenue funds:	
Local funds.....	9,200,000
Economic development fund.....	100
Comprehensive transportation fund .....	18,740,200
State general fund/general purpose .....	\$ 0

#### Sec. 119. CAPITAL OUTLAY

##### (1) BUILDINGS AND FACILITIES

Port Huron replacement welcome center, inspection station, Blue Water Bridge administration and maintenance satellite facilities.....	\$ 9,889,600
Special maintenance, remodeling, and additions.....	3,001,500
GROSS APPROPRIATION .....	\$ 12,891,100

Appropriated from:	
Federal revenues:	
DOT-FHWA, highway research, planning, and construction .....	6,514,800
Special revenue funds:	
Other state restricted revenues.....	2,975,400
State trunkline fund .....	3,400,900
State general fund/general purpose .....	\$ 0

(b) "Small business" means that term as defined under section 7a of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207a.

Sec. 266. (1) On a quarterly basis, the department shall report on the number of FTEs in pay status by civil service classification to the house and senate appropriations subcommittees on transportation and the house and senate fiscal agencies.

(2) From the funds appropriated in part 1, the department shall use an amount not to exceed \$10,000.00 to develop, post, and maintain, on a publicly accessible Internet site, all expenditures made by the agency within a fiscal year. The posting must include the purpose for which each expenditure is made. The department shall not be required to hire additional employees to comply with this section.

## **DEPARTMENTAL SECTIONS**

Sec. 301. (1) The department may establish a fee schedule and collect fees sufficient to cover the costs to issue the permits that the department is authorized by law to issue upon request, unless otherwise stipulated by law. All permit fees are nonrefundable application fees and shall be credited to the appropriate fund to recover the direct and indirect costs of receiving, reviewing, and processing the requests.

(2) A bridge authority shall hold 3 public hearings on an increase in any toll charged by the authority at least 30 days before the toll change will become effective. Two of the hearings shall be held within 5 miles of the bridge over which the bridge authority has jurisdiction. One hearing shall be held in Lansing. Public hearings held under this section shall be conducted in accordance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, and shall be conducted so as to provide a reasonable opportunity for public comment, including both spoken and written comments.

Sec. 303. On request, the department shall provide to a legislator, in writing, a report on the amount of money to be received by each city and village and the county road commission of each county, that is included in whole or in part within the legislator's legislative district.

Sec. 304. If, as a requirement of bidding on a highway project, the department requires a contractor to submit financial or proprietary documentation as to how the bid was calculated, that bid documentation shall be kept confidential and shall not be disclosed other than to a department representative without the contractor's written consent. The department may disclose the bid documentation if necessary to address or defend a claim by a contractor.

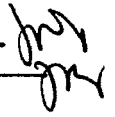
Sec. 305. The department shall permit space on public passenger transportation properties to be occupied by public or private tenants on a competitive market rate basis. The department shall require that revenue from the tenants be placed in an account to be used to pay the costs to maintain and improve the property.

Sec. 306. (1) The amounts appropriated in section 103 to support tax and fee collection, law enforcement, and other program services provided to the department and to transportation funds by other state departments shall be expended from transportation funds pursuant to annual contracts between the department and those other state departments. The contracts shall be executed prior to the expenditure or obligation of those funds. The contracts shall provide, but are not limited to, the following data applicable to each state department:

- (a) Estimated costs to be recovered from transportation funds.
- (b) Description of services provided to the department and/or transportation funds and financed with transportation funds.
- (c) Detailed cost allocation methods appropriate to the type of services being provided and the activities financed with transportation funds.

(2) Not later than 2 months after publication of the state of Michigan comprehensive annual financial report, each state department receiving funding pursuant to an interdepartment contract with the department shall submit a written report to the department, the state budget director, and the house and senate fiscal agencies stating by spending authorization account the amount of estimated funds contracted with the department, the amount of funds expended, the amount of funds returned to the transportation funds, and any unreimbursed transportation-related costs incurred but not billed to transportation funds. A copy of the report shall be submitted to the auditor general, and the report shall be subject to audit by the auditor general as provided in subsection (3).

~~(3) In addition to the requirements of subsection (2), the state treasurer shall develop a cost allocation plan to identify the actual costs of work based on time and effort performed by the department of treasury for state restricted transportation funds. The cost allocation plan shall specifically identify the costs of collecting constitutionally restricted motor fuel taxes. The cost allocation plan shall be submitted to the senate and house of representatives standing~~

~~committees on appropriations subcommittees on general government, the senate and house fiscal agencies, the auditor general, and the state budget director by November 1. The cost allocation plan shall be subject to audit by the auditor general.~~ 

(4) Biennially, in each even-numbered fiscal year, the auditor general shall conduct an audit of charges to transportation funds by state departments for the 2 preceding fiscal years. The audit shall include both charges governed by interdepartmental contracts as well as miscellaneous charges from other state departments not governed by contracts. The auditor general shall prepare a detailed report, with recommendations and conclusions, including a summary of charges and related services to transportation funds by department, the appropriateness of those charges, the cost allocation methodologies used in determining the level of funding, and any unreimbursed transportation-related costs, if any. The report shall be provided to the senate and house of representatives committees on appropriations, the senate and house fiscal agencies, and the state budget director 9 months after publication of the state of Michigan comprehensive annual financial report.

Sec. 307. Before March 1 of each year, the department will provide to the legislature, the state budget office, and the house and senate fiscal agencies its rolling 5-year plan listing by county or by county road commission all highway construction projects for the fiscal year and all expected projects for the ensuing fiscal years.

Sec. 308. The department and local road agencies that receive appropriations under this act shall pursue compliance with contract specifications for construction and maintenance of state highways and local roads and streets. Work shall not be accepted and paid for until it complies with contract requirements. Contractors with unsatisfactory performance ratings shall be restricted from future bidding through the prequalification process established by the department or a local road agency. The department, county road commissions, and cities and villages shall report to the house of representatives and senate appropriations subcommittees on transportation, the senate and house fiscal agencies, and the state budget director on their respective activities under this section.

Sec. 309. The department shall continue its efforts to reduce administrative costs and provide the maximum funding possible for construction projects.

Sec. 310. The department shall provide in a timely manner copies of the agenda and approved minutes of monthly transportation commission meetings to the members of the house and senate appropriations subcommittees on transportation, the house and senate fiscal agencies, and the state budget director.

Sec. 312. At the close of the fiscal year, any unencumbered and unexpended balance in the state trunkline fund shall remain in the state trunkline fund and shall carry forward and is appropriated for federal aid road and bridge programs for projects contained in the annual state transportation program.

Sec. 313. (1) From funds appropriated in part 1, the department may increase a state infrastructure bank program and grant or loan funds in accordance with regulations of the state infrastructure bank program of the United States department of transportation. The state infrastructure bank is to be administered by the department for the purpose of providing a revolving, self-sustaining resource for financing transportation infrastructure projects.

(2) In addition to funds provided in subsection (1), money received by the state as federal grants, repayment of state infrastructure bank loans, or other reimbursement or revenue received by the state as a result of projects funded by the program and interest earned on that money shall be deposited in the revolving state infrastructure bank fund and shall be available for transportation infrastructure projects. At the close of the fiscal year, any unencumbered funds remaining in the state infrastructure bank fund shall remain in the fund and be carried forward into the succeeding fiscal year.

Sec. 314. The department shall provide a report prepared by the department's internal auditor on the activities of the internal auditor for the previous fiscal year. The report shall be due on February 1 of each year and shall be submitted to the senate and house of representatives appropriations committees, the senate and house fiscal agencies, the director of the state budget office, and the auditor general. This report shall include a list of all of the following:

- (a) All work activities conducted by the internal auditor, including a listing of all audits, reviews, and investigations.
- (b) The time charged to each work activity, including time charged to each audit, review, or investigation.
- (c) A listing of which audits, reviews, and investigations have been completed and which audits, reviews, and investigations have had reports of the results issued.

Sec. 319. The department shall post signs at each rest area to identify the agency or contractor responsible for maintenance of the rest area. The signs shall include a department telephone number and shall indicate that unsafe or unclean conditions at the rest area may be reported to that telephone number.

(5) If the legislature enacts specific enabling legislation for the construction of the Detroit River International Crossing, subsections (1), (2), and (3) do not apply once the enabling legislation goes into effect.

Sec. 385. The department shall not use toll credits generated by a private tolled bridge crossing to finance, design, plan, construct, operate, or maintain any international bridge crossing within 5 miles of that privately tolled bridge.

Sec. 393. The department shall promote best practices for public transportation services in this state, including, but not limited to, the following:

(a) Transit vehicle rehabilitation to reduce life-cycle cost of public transportation through mid-life rehabilitation of transit buses.

(b) Coordination with the Michigan economic development corporation to promote transition of bus fleets hybrid transit vehicles with a view to promotion of fuel economy.

(c) Cooperation between entities using transit, including school districts, cities, townships, and counties with a view to promoting cost savings through joint purchasing of fuel and other procurements.

(d) Coordination of transportation dollars among state departments which provide transit-related services, including the department of human services and the department of community health. Priority should be given to use of public transportation services where available.

(e) Promotion of intelligent transportation services for buses that incorporate computer and navigation technology to make transit systems more efficient, including stoplight coordinating, vehicle tracking, data tracking, and computerized scheduling.

~~Sec. 304. (1) From the funds appropriated in part 1, the department shall conduct a study, in consultation with the county road association of Michigan and the Michigan municipal league, of the current statutory formulae for the distribution of state and federal revenue for surface transportation programs. The study shall include an analysis of alternative distribution strategies and a discussion of the extent to which current and alternative distribution formulae contribute to statewide transportation goals. The study shall include all of the following:~~

~~(a) A discussion of alternative distribution strategies for state and local road and street programs, including distribution methods based on vehicle miles traveled as compared to lane miles.~~

~~(b) A comparison of vehicle miles traveled to lane miles for the sampled geographical areas as well as comparisons to other states and an evaluation of best practices.~~

~~(c) A discussion of alternative methods of distributing state operating assistance for local bus transit programs, including an analysis of incentives for those agencies which demonstrate efficient use of resources and increasing ridership levels.~~

~~(d) An analysis of the fiscal impact of alternative strategies to individual transit and road agencies.~~

~~(2) The department shall deliver a report on the findings of the study by March 1, 2011 to the house and senate appropriations subcommittees on transportation, the house and senate transportation committees, the house and senate fiscal agencies, and the state budget director.~~

Sec. 395. It is the intent of the legislature that the department assume jurisdiction of county road C-56 between US-31 at Charlevoix and M-75 at Boyne City in Charlevoix County.

Sec. 398. The appropriation included in part 1 to a nonprofit street railway is pursuant to section 10e(22) of 1951 PA 51, MCL 247.660e. A nonprofit street railway receiving appropriations from part 1 shall submit a quarterly report to the department, including, but not limited to, the construction spending, operating cost, revenue, and ridership, for the preceding fiscal quarter no later than 60 days after the end of the quarter.

~~Sec. 399. The appropriation in section 118 for transit-oriented development is intended to provide matching funds for transit-oriented development projects, including, but not limited to, high-speed rail, commuter and light rail, or fixed-guideway projects.~~

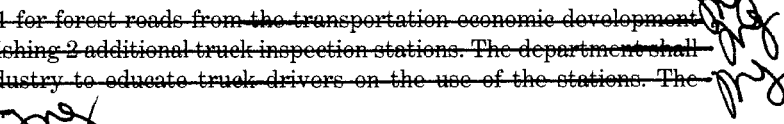
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Sec. 401. Within 30 days of receiving the applicable fiscal year authorization from the federal government to commit transportation funds, the department shall notify local agency representatives, the senate and house of representatives appropriations transportation subcommittees, the senate and house fiscal agencies, and the state budget director regarding the amount of federal aid for categorical allocations to state and local agency programs not specifically allocated in either federal or state law.

Criteria for evaluating traffic congestion shall include, but not be limited to, coordination with local, county, and regional planning, improvement in traffic operations, improvement in physical roadway conditions, accident reduction, and coordination with area public transportation planning.

Sec. 604. It is the intent of the legislature that the department shall place signs designed in compliance with the Michigan manual on uniform traffic control devices for streets and highways at each highway construction work zone subject to the jurisdiction of the department. The signs shall notify the operators of vehicles in a work zone of the increased fines and penalties provided for the protection and safety of construction workers and the public under section 601b of the Michigan vehicle code, 1949 PA 300, MCL 257.601b.

Sec. 607. It is the intent of the legislature that the Michigan department of transportation work to add a southbound entrance ramp at the interchange of I-75 at Corunna Road in the charter township of Flint.

~~Sec. 608. From the amounts appropriated in part 1 for forest roads from the transportation economic development fund, \$40,000.00 shall be used for the purpose of establishing 2 additional truck inspection stations. The department shall work directly with representatives of the timber industry to educate truck drivers on the use of the stations. The department shall report on the status of this program.~~ 

Sec. 610. It is the intent of the legislature that the department have as a priority the removal of dead deer and other large animal remains from the traveled portion and shoulder of state highways. The department, and counties that perform state highway maintenance under contract, shall remove animal remains, wherever practicable, away from the traveled portion and shoulder of state highways.

Sec. 612. The department shall establish guidelines governing incentives and disincentives provided under contracts for state trunkline projects. The guidelines shall include specific financial information concerning incentives and disincentives. On or before January 1 of each year, the department shall prepare a report for the immediately preceding fiscal year regarding contract incentives and disincentives. This report shall include a list, by project, of the contractors that received contract incentives and/or disincentives, the amount of the incentives and/or disincentives, and the number of days that each project was completed either ahead or past the contracted completion date. This report shall be provided to the senate and house appropriations subcommittees on transportation, the senate and house standing committees on transportation, and the senate and house fiscal agencies.

Sec. 615. It is the intent of the legislature that the department shall proceed with the construction of a full interchange at the intersection of M-48 and I-75 in Chippewa County. It is the intent of the legislature that the department develop design plans and award the construction contract for this project during the fiscal year ending September 30, 2011.

Sec. 654. It is the intent of the legislature that the Mackinac Bridge Authority work to protect the long-term viability of the Mackinac Bridge.

Sec. 656. It is the intent of the legislature that the department upgrade that section of M-49 from M-99 to US-12 to standards necessary for designation as a designated highway as provided under sections 717 and 718 of the Michigan vehicle code, 1949 PA 300, MCL 257.717 and 257.718, and for inclusion as a "green" special designated highway on the department's truck operator's map.

Sec. 658. It is the intent of the legislature that the department proceed with the reconstruction of the interchange at I-196 and Phoenix Road in South Haven.

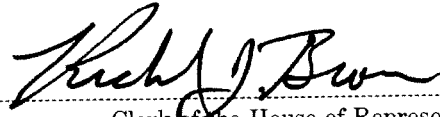
Sec. 659. For pavement projects for which there are no Michigan actual historic project maintenance, repair, and resurfacing schedules and costs as recorded by the pavement management system, the department may use actual historical and comparable data for equivalent designs from states with similar climates, soil structures, and vehicle traffic.

Sec. 660. The legislature encourages the department to examine the use of alternative road surface materials, including recycled materials, and to develop criteria and specifications for its use in both department-managed and contracted projects.

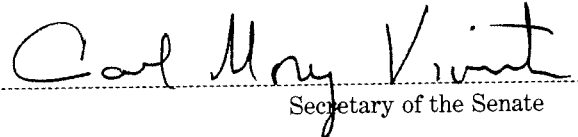
Sec. 661. It is the intent of the legislature that the department complete engineering design work and right-of-way acquisitions for the proposed expressway project along US-127 from St. Johns in Clinton County to Ithaca in Gratiot County.

(2) The state budget director may authorize that funds appropriated for lump-sum appropriations and designated as work project appropriations shall be available for no more than 3 fiscal years following the fiscal year in which the original appropriation was made. Any remaining balance from allocations made in this section shall lapse to the fund from which it was appropriated pursuant to the lapsing of funds as provided in the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

This act is ordered to take immediate effect.

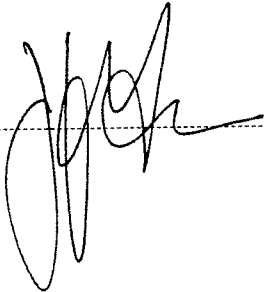


Clerk of the House of Representatives



Secretary of the Senate

Approved 9/30/10 5:08 p.m.



Governor